

Insurance Tips

Insurance Myths

Insurance is not a particularly exciting topic for the average consumer and most of us give little thought to it until we need to make a claim.

One of the biggest insurance myths is that insurance is a "savings account." A consumer who has just had a \$2,000 accident may say, "I've paid \$1,000 in premiums each year for five years so I'm still money ahead." This is not how insurance works. You are paying the company an amount of money to cover you in case of loss during a specific amount of time. After that time expires, that money, in effect, goes away, and you start again with the payment of another premium. Assuming you have no claims during that time period, your money goes to pay claims for others, to finance company expenses, etc.

Another myth is that a consumer should rely solely on the agent to make decisions. The consumer should be an active partner in determining the needs for his/her family. While the agent is there to advise and assist, it is the consumer's responsibility to read the policies and understand what is covered and what is excluded. The time to read your policies is BEFORE you are sitting in your wrecked car or destroyed home. If you have specific questions about your insurance policies, call your agent.

The Kentucky Department of Insurance offers a wide variety of publications on insurance topics. Call us at 1-800-595-6053 to request ones that fit your needs or check out the [Free Publications](#) page on the DOI Web site -- <http://insurance.ky.gov/>.

Please call the Kentucky Department of Insurance at 1-800-595-6053 with your insurance questions or complaints. The TTY line for the deaf or hard-of-hearing is 1-800-462-2081. You may file a complaint online at https://doi.ppr.ky.gov/Kentucky/secured/consumer/complaint.asp
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